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APPLICATION SUBMISSION PACKAGE

Housing Production Trust Fund (HPTF)

Department of Human Services (DHS)

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MISSION

District of Columbia Department of Housing and Community Development

The mission of the Department of Housing and Community Development (DHCD) is to create and preserve opportunities for affordable housing, promote economic development, and revitalize underserved communities in the District of Columbia.

Development Finance Division

The Development Finance Division, within the Department of Housing and Community Development, revitalizes communities and promotes economic diversity by providing financial resources to developers in the private sector to build and rehabilitate community infrastructure, and to provide quality and affordable rental and homeownership housing.

District of Columbia Department of Human Services

The mission of the Department of Human Services (DHS) is to coordinate and provide a range of services that collectively create the enabling conditions for economic and socially challenged residents of the District of Columbia to enhance their quality of life and achieve greater degrees of self-sufficiency.

SECTION 1: INTRODUCTION

The District of Columbia Department of Housing and Community Development (DHCD) administers financing programs for the construction, acquisition and rehabilitation of single and multifamily affordable homeownership, rental housing, tenants first right of purchase, special needs, elderly housing, and provides assistance for affordable homeownership opportunities. DHCD's Development Finance Division (DFD) administers these programs. The Department of Human Services will fund proposals to operate site-based permanent supportive housing programs for families with a history of homelessness (together known as the Department).

The consolidated application can be used for many of the Department's funding sources. The document provides an overview of how funding requests for most programs are processed. Awards from some sources are made under a competitive process using specific funding cycles. Governing statutes and regulations are the controlling authority in the event of conflicts with other written procedures, processes or documents. This program application package contains the following sections:

- Section 1: Introduction
- Section 2: Overview of the Funding Process
- Section 3: General Application Instructions
- Section 4: Guidelines for Applicants
- Section 5: Application Form Instructions
- Section 6: Application Forms

Applicability

Housing programs funded through local and federal sources:

- Housing Production Trust Fund (HPTF)
- Department of Mental Health (DMH)
- Department of Human Services (DHS)

DHCD and DHS' staff will review each application to determine the appropriate funding source(s) for the project. The DHCD and DHS have complete discretion to determine which funding source will fund an award.

Sponsors are encouraged to meet with DFD and DHS staff to discuss the proposed development, funding options, processing, and program guidelines before submitting an application for funding from any program covered by this Application Submission Package.

SECTION 2: OVERVIEW OF THE FUNDING PROCESS

Application Submissions

Applications for projects subject to competition will be accepted and reviewed during scheduled, competitive rounds. The Department will schedule and provide a notice of the rounds of competition for the reservation of financing. The schedule will provide the application deadline dates. Additional rounds of competition will be held until all available resources have been reserved. Projects that meet the eligibility requirements set forth in the guidelines, submitted by eligible sponsors with complete applications by the application deadline will be rated and ranked in a competitive round.

Sponsors and developers are encouraged to meet and discuss proposed projects with DHCD and DHS staff prior to the competitions. Staff will be able to provide preliminary feedback regarding project specifics and may be able to provide suggestions for stronger applications.

Applications must be submitted on the DHCD's Application Submission Package forms.

Application Review Process

The application review process includes a review conducted by DHCD and DHS staff for basic eligibility requirements. Applications are then submitted to an outside vendor for scoring. An independent panel will conduct a review of the approved applications to determine compliance with the scoring criteria. The panel will forward the results of their review to DHCD and DHS. DHCD and DHS will conduct the final review and determination of projects to be considered for funding.

See the Request for Proposals, issued May 23, 2008, Section VI and VII for detailed information on basic eligibility requirements and the scoring criteria.

Project Financing Process

1. Reservations: Sponsors of projects that are selected will receive funding award letters. These award letters will specify requirements that must be met in order for the projects to be approved for commitment including processing documentation and time frames. **The award letter is not a commitment to fund the project and the Department is not obligated to fund the project unless it issues a commitment letter.** An award letter may be canceled and an application withdrawn from processing if any of the following occur:

- The loan processing and submission requirements as described in this section are not met. This includes a failure to meet the time frames established.

- The project changed substantially from the initial submission. A substantial change includes:
 - a reduction in the original score of more than 5% of the scoring criteria;
 - a significant change in the project’s design, financing or amenities;
 - a material reduction in the project’s income targeting; or
 - a change of the project’s sponsor or developer entities
- The project is changed so that it no longer meets all eligibility requirements.
- The project’s developer, sponsor or owner, or their general partners, files for bankruptcy or is the subject of an involuntary bankruptcy.
- The project is for any reason no longer feasible.
- The project’s developer, sponsor or owner submits false, misleading or incomplete information to the Department.

2. Kick-off Meeting: Following the issuance of the award letter, the Department will schedule a “kick-off” meeting with the sponsor. The DFD financing team assigned to the project, including underwriting, construction, and monitoring staff will be present at the meeting as appropriate. The sponsor should require representatives of the contractor and architect to attend.

If the project has support from other funding sources, a representative of those organization should also attend the meeting. Additional Departmental staff that may attend the kick-off meeting include the Deputy Director of DFD, Department of Human Services, representatives from the Residential and Community Services Division, Office of Program Monitoring, and Office of the Attorney General (OAG).

The purpose of this meeting is to review the reservation letter and gain a common understanding of its requirements, terms and provisions to process the application. At the kick-off meeting, the Deputy Director or Team Leader and Project Manager will review the requirements, time frame of the loan processing schedule and the submission kit processing in detail.

3. Underwriting and Construction Review: After an award letter is issued, the loan application will be underwritten, and detailed construction plans and documents will be reviewed before issuance of a commitment letter.

A. Preliminary Review: A preliminary review may be added before a viability review at the Departments discretion for complicated projects or waived for straightforward projects.

B. Viability Review: During this phase of the review process, sponsors will submit detailed construction and underwriting documentation. DHCD and DHS staff will review the material and issue a viability report to the sponsor. The viability report will include the Department’s updated underwriting pro forma and term sheet showing any changes in the anticipated loan amount and conditions based on findings during the preliminary review. DFD staff will then prepare the loan package for submission to the Loan Review Committee (LRC).

Specific milestone dates for completing these reviews and issuing commitment letters are discussed at the kick-off meeting and set in conformance with the Departments’ submission and

loan processing system. Documentation requirements for this review period will be included in the attachment to the reservation.

Detailed guidance will be provided to sponsors throughout this process to assist the development team in the preparation of construction plans and underwriting documentation. The architectural requirements for each stage of this review are those defined in the American Institute of Architect's (AIA) publication The Architect's Handbook of Professional Practice. More specifically, the requirements are outlined in the AIA document B162a and in the HUD Minimum Design Standards.

Additionally, other underwriting requirements will be detailed and made clear to all parties early in the process. Involvement may include the Water and Sewer Authority, Department of Consumer and Regulatory Affairs, and other agencies, depending on the scope of the project(s). The Department and sponsors should make every attempt to complete all review requirements within the time frames outlined in the reservation letters.

Final Project Review

DFD will prepare a project report, including a final underwriting pro forma and updated term sheet upon receipt of the sponsor's final submission of all required documentation,. The project report will be scheduled for submission, with recommendation to the LRC for review. After evaluating the recommendations, the LRC will make a final recommendation to the Director who will, at his or her discretion, approve projects for a letter of commitment.

If approved by the Director for funding, DFD staff will submit the terms of a proposed commitment letter to the Office of the Attorney General (OAG) for preparation. The sponsor, working with the project manager, must confirm the business terms included in the proposed commitment letter and identify any remaining issues to be resolved within three (3) days of the date of the proposed commitment letter. The OAG attorney along with DFD staff will finalize the commitment letter and begin preparing the loan documents.

Initial Closing

Along with the commitment letter, the sponsor will receive a loan/grant closing submission checklist. The checklist specifies the pre-closing documents that the sponsor must provide and the closing documents the sponsor's attorney must provide before the financing is closed. The sponsors will have three days to accept the commitment letter.

The Department's standard loan/grant conditions are detailed in the commitment letter. The sponsor should also review and understand the Department's draw and requisition requirements, particularly those affecting the initial draw. Staff will be available to meet and review the draw procedures. When all of the documents identified in the checklist have been submitted, reviewed and approved, the Department and OAG staff will schedule an initial closing date. The initial closing is scheduled within four weeks of OAG's receipt, review and approval of all closing documents.

Following the closing, Department staff will schedule a servicing meeting with the sponsor to ensure that all parties understand the loan repayment schedule and that other conditions of the commitment are met.

Construction or Rehabilitation Period

Construction or rehabilitation of the project will commence once the initial closing is complete. Prior to the start of construction or rehabilitation, the sponsor and general contractor must participate in a pre-construction conference with the DFD construction staff responsible for the project, including the DFD architectural representative, finance and project managers, and representatives from the Office of Program Monitoring. This meeting is conducted to review all construction period procedures such as inspections by Department staff, draw requisition and disbursement procedures; change order procedures and monitoring requirements. All other project lenders should be present at the meeting to ensure a smooth inspection and draw process.

Compliance and Monitoring: The U.S. Department of Housing and Urban Development (HUD) and the District of Columbia regulations require DHCD to monitor projects funded with federal and/or District of Columbia funds for compliance with various federal and District regulations. Applicants receiving financial assistance from DHCD could be subject to any or all of the following laws and regulations:

- Housing Production Trust Fund regulations (including continuous affordability requirements)
- Environmental Reviews - 24 CFR Pt 85
- Affirmative Action Program (Local Small Disadvantaged Business Enterprises LSBDE – Mayor’s Order 85-85)
- Section 3 - (24 CFR Part 135)
- First Source Employment Agreements
- Registration with DC Apprenticeship Council
- American with Disabilities Act of 1990
- Lead Safe Housing Rule (Lead Based Paint)
- Section 504 of Rehabilitation Act of 1973, as amended
- Freedom of Information Act
- Davis Bacon and related Acts
- Conflict of Interest (24 CFR § 570.611 and 24 CFR §§ 84.42 and 85.36)
- Federal Fair Housing Act and implementing regulations (24 CFR Part 14 et al)

DHS’ Monitoring Elements, Guidelines and/or Requirements:

- Homeless Services Reform Act and implementing regulations
- Americans with Disabilities act of 1990
- Living Wage Act of 2006

The project will also be subject to DHCD’s monitoring requirements. See the Exhibit Checklist (Exhibit Zc) for more information.

Early Start: At the sponsor’s request, the Department may permit work on the project to begin prior to closing of the Department’s financing. An early start of the construction or rehabilitation may be authorized after issuance of the commitment letter. Approval for an early start will be

evidenced by written approval issued by DFD. Work may begin when the conditions of the early start letter are met and after the pre-construction conference is held. The Department will not fund any costs incurred for work performed under an early start unless the loan is eventually closed.

Construction Completion

After the completion of construction or rehabilitation, sponsors must complete a certification of costs incurred prepared by an independent certified public accountant. The cost certifications will be reviewed by DFD staff within 90 days of receipt provided all construction out documents and change order requests have been submitted before or at the same time that the cost certification is received. A letter describing the final determination of funding proceeds will be sent to the sponsor for signature.

SECTION 3: GENERAL APPLICATION INSTRUCTIONS

Introduction

The District of Columbia Department of Housing and Community Development (DHCD or “the Department”) administers financing programs for the construction, acquisition and rehabilitation of multifamily rental and for-sale housing. DHCD also administers grant funding for the Department of Mental Health. Many of the Department’s multifamily funding sources can be applied to using this consolidated application form. These sources include the following:

- Housing Production Trust Fund (HPTF)
- Department of Mental Health (DMH)
- Department of Human Services (DHS)

The Department of Human Services will fund proposals to operate site-based permanent supportive housing programs for families with a history of homelessness. Allowable cost include: facility operational costs (maintenance, utilities, insurance, security, etc.); staffing costs; supportive services costs (case management); and miscellaneous client costs.

Developers may apply for a specific source of funding, but Department staff will review each application and may recommend a substitute funding source(s) if doing so will not negatively impact the project.

Submission Requirements

1. Due Dates: The Department must receive completed applications on or before 4:00 PM, E.D.T Friday, June 23, 2008, at DHCD, Development Finance Division, 801 North Capitol Street, N.E., 2nd Floor receptionist desk, Washington, DC 20002. DHCD will set the time/date stamp clock used to register applications and will monitor the timeliness of

applications. Applicants may use standard or express mail services. However, the Department is not responsible for mail delivery and will not accept applications received after the due date and time.

2. Form of Submission: Applicants may submit proposals for funding to DHCD or DHS for a specific funding source or they may allow DHCD to choose the funding source. DHCD and DHS reserves the right to substitute one funding source for another in situations where the Department determines that doing so would maximize the public benefit without negatively impacting the development program.

Applicants must submit three copies of the application – an original and two copies to include all applicable exhibits and attachments. All applications must be sent in separate three-ring notebook binders, with each exhibit tabbed. DHCD will not make copies for applicants. Application documents, other than maps and drawings, must be submitted using a 12 point type size and on 8 ½” x 11” paper. Documentation fully demonstrating compliance with the basic eligibility requirements (RFP Section VI) **at the time of application** must be submitted with the application in order to receive further consideration. Any applications lacking such documentation will be returned to the applicant without further consideration.

The following components, in the order listed, *with any attachments*, must be included in the application submission. The application form is contained in Section 6 of this package. Also required is the Appendix 1 - Project Narrative.

DFD Financing Application (Form 202)

- A. Application with Cover Page and Authorized Signatures
- B. General Information – (*Narrative and Form 202)
- C. Development Team Information
- D. Community Revitalization Information
- E. Project Income (rental projects and community facilities)
- F. Project Expenses
- G. Uses of Funds
- H. Sources of Funds
- I. Project Summary Information
- J. 20-Year Operating Proforma
- K. Complete Exhibit Checklist, and all executed exhibits
- L. Monitoring Certification (Exhibit Z)**
- M. Form 212 and 215 ***

***Note 1:** A Narrative is required with all proposal submissions. A narrative format is included as Appendix 1 of the Application Submission Package.

****Note 2:** An individual authorized to obligate your organization must sign the Application Cover Page. By signing the application, the authorized person is also attesting to the truthfulness of the information supplied in the application. **The “Monitoring Certification Form” (which can be found in the Exhibit Checklist – Exhibit Z) must also be signed. Unsigned applications will not be accepted.**

***** Note 3: The Summary Cost Estimate (Form 212) is Required As Part of the RFP Application For Funding; and the Detailed Cost Estimate (Form 215), included with the Application, must be completed by the final submission deadline for projects selected for underwriting. It is not required in the initial Application for funding.**

Additional information on application submission can be found in the Request for Proposals.

SECTION 4: GUIDELINES FOR APPLICANTS

The following guidance pertains to all applicants. Applicants must meet all of the following criteria. Please read this section carefully. You may call the Department at (202)-442-7281 if you have any questions regarding this information.

Development Team Requirements

1. Previous Project Performance: Members of the applicant's team may not:

- Have participated as an owner or manager in the development or operation of a project that has defaulted on a Department or other government or private sector loan in the previous ten years.

In connection with Department loans, waivers of this limitation may be granted for team members that were not involved in the defaulted loan for at least one year prior to the default. In the case of other defaulted loans, waivers may be granted based on the circumstances surrounding the particular default. In all cases to be considered for a waiver of these limitations, requests must be submitted in writing to DHCD at least 30 days in advance of the application deadline. The factors DHCD may consider in granting a waiver are:

1. Reasons for the default;
 2. The applicant's role in the defaulted property and responsibility for guarantees or operations of the defaulted property; and
 3. Performance of other properties in the applicant's portfolio;
- Have consistently failed to provide documentation required by the Department in connection with other loan applications or the management and operation of other, existing developments;
 - Have been involuntarily removed within the previous five years as a general partner or managing member from any affordable housing project whether or not financed or subsidized by the programs of this Department;
 - Have a current Limited Denial of Participation from the U. S. Department of Housing and Urban Development (HUD); or

- Be debarred, suspended or voluntarily excluded from participation in any federal, state or local program.

Failure to disclose required information on the application may subject the applicant to penalties under District of Columbia law.

Members of the development team are: individuals or organizations, including officers and directors of corporate members of the team, general partners of partnership members, and members of limited liability company members, that are involved in the development of the project in any of the following roles:

- Applicant;
- Developer and co-developer, if any;
- Guarantor(s), if applicable;
- Owner (including any ownership interest other than limited partners);
- Architect;
- General Contractor;
- Management Agent; or
- Consultant

2. *Financial Capacity:* In addition, members of the development team acting in the role of sponsor, developer, guarantor, or owner with chronic past due accounts, substantial liens or judgments, foreclosures or bankruptcies within the past five years will not be considered for funding. This evaluation will be based on a review of Department records, personal credit histories, commercial credit reports and other available data.

3. *Previous Participation:* Development team members are also ineligible to participate in the program if they received reservations or commitments of funding but were unable to carry the project forward. This prohibition applies only to reservations or commitments issued within four years prior to the date of the application. For tax credits, this includes entities that:

- Received a reservation but were unable to place their projects in service in the year of their reservation or to meet the requirements to receive a Carryover Allocation;
- Received a Carryover Allocation but could not meet the 10% test necessary to keep a Carryover Allocation; or
- Received a Carryover Allocation or other Allocation but could not place their projects in service within the time required by the tax credit program.

For loan programs, this includes entities that received a reservation or commitment of loan funds but were unable to close the financing.

4. *No Fees Due:* Development team members are also ineligible to participate in the program if they have unpaid fees or other obligations due to the Department on other projects. The

development team should provide a list of any names under which it may have been organized previously.

Project Support

Please provide any and all letters of support for project.

Advisory Neighborhood Commission Notice Requirements

In accordance with the Home Rule Act and the Advisory Neighborhood Commissions Act of 1975, D.C. Law 1-58, March 26, 1976, codified at DC Official Code §1-309.10 (2003), the Department is required to provide notice to Advisory Neighborhood Commissions (ANCs) before the award of any grant funds to a citizen, organization or group if the award is of significance to neighborhood planning and development in the affected commission area. ANCs are entitled to a thirty (30) day comment period to submit written or oral comments and recommendations to the Department in response to any proposed funding award. If comments are received, the Department is required to respond to all legally relevant recommendations prior to making a final decision on any funding award.

Site Requirements

1. Site Control: Sponsors must have received site control via a long term lease agreement from DHS to allow projects to move forward. Evidence of site control includes leases, purchase options or other forms acceptable to the Department.

2. Utility Availability: Evidence that the required public water, sewer, electric, gas, telephone and other utility services are at project sites or will be available during the construction or rehabilitation period. Acceptable evidence of utility availability may include a letter from the development team's civil engineer, the utility company providing the service, a responsible local official or, for existing buildings, copies of recent utility bills.

3. Zoning: Properties should be properly zoned for their intended use. The applicant must demonstrate that the proposed development is matter of right, or that approval from the Board of Zoning Adjustment has been obtained for necessary changes.

Project Location

1320-1324 Mississippi Avenue, SE

The property is formally known as the 7th District Police Precinct. It is located at 1320 Mississippi Ave, SE and is approximately 20,000 square feet. The existing property suffers from extensive deterioration that is in need of total gut rehabilitation. This site has designs for an apartment style facility to consist of one, two and three bedroom units. The design consists of 19 apartment style units of which there are five (5) one bedroom units, ten (10) 2 bedroom units and four (4) three bedroom units. The design consists of three (3) ADA units, one of each size, one of the one bedroom units, one of the two bedroom units and one of the three bedroom units.

4300-4304 12th Street, SE

The District recently purchased this 28 unit apartment complex consisting of two (2) 14-unit buildings located at 4300-4304 12th Street, SE. The two (2) buildings are approximately 33,036 square feet and is located on Lot 0018, Square 5921. The buildings consist of 25 two bedroom units and 3 three bedroom units. The current zoning for the property is R5A (Residential). The existing building is in conformity with the current zoning. The building will require some renovation. The piping for the building's plumbing has been vandalized and therefore is in need of replacement. All other parts of the existing infrastructure will need to be evaluated to determine the extent of its renovation.

Occupancy Restrictions and Rent Levels

Sponsors must agree that low-income units in the projects will be rented to families with incomes that do not exceed the levels required under the proposed funding source, as indicated in the Request for Proposals.

The low-income units in the projects must be rent restricted as required by the funding source. For projects receiving project-based rental assistance, the application must include information concerning the actual rent to be paid by the tenants and the estimated subsidy that will be received by the project owner. For this analysis, the actual tenant-paid rent will be evaluated rather than the gross rent received resulting from the rental assistance. If any rental assistance is not project-based, the assisted portion of the rent should not be included in the project's income projections. In these cases, the gross rent will be evaluated and not the amount actually paid by the tenants.

Maximum unit rents (including tenant paid utilities) may not exceed 30% of the beneficiary's gross income limit applicable to each unit. For the HPTF Program, household size limits are as shown below. Income limits can be found in the Request for Proposals for HPTF.

- | | |
|----------------------------|------------------------------|
| • Efficiency – 1 person | • Three bedrooms – 5 persons |
| • One bedroom – 2 persons | • Four bedrooms – 7 persons |
| • Two bedrooms – 3 persons | • Five bedrooms – 8 persons |

Rent levels including tenant paid utilities must be supported by market data. Rents should also allow for a reasonable affordability window so those tenants with incomes below the maximum levels are not paying a disproportionate percentage (i.e. greater than 30%) of their income for rent.

Financing Terms and Conditions

1. Other Financing: Letters of commitment, intent to provide financing or interest must be furnished for all funding sources identified in the application. At a minimum, letters of intent must state that projects appear feasible and show the amount of anticipated funding, general repayment terms and any conditions. If financing will be subsidized or insured by another institution, evidence must be provided that the appropriate applications were prepared and filed or are ready to be filed.

For projects that will be syndicated for tax credit equity investment, sponsors must provide a proposal from at least one syndication firm showing the amount of tax credit expected, investor type, expected net proceeds, syndication costs and pay-in schedule.

2. Project Assistance: In general, loans through the DHCD's funding must be totally repaid on an amortizing basis at an annual rate of 3% for a term of up to 40 years. If the development cannot support the loan at a 3% interest rate, the rate may be reduced at the DHCD's discretion. The maximum loan per project is the lesser of \$2.0 million or the total development cost of the project multiplied by the percentage of income-restricted units. Funding requests in excess of \$2.0 million will be considered on a case-by-case basis.

To the extent possible, the DHCD's funds must be repaid on an amortizing basis; however, at the Department's discretion, loans may be repaid to the DHCD on a cash flow basis. If the loan will be repaid on a cash flow basis, the DHCD expects to receive 100% of the net cash flow. All cash flow loans must be repaid at the end of the loan term.

The sponsor may request a waiver of this requirement in writing, with detailed and specific reasons for the waiver request, at the time of application or, if the need for the waiver arises after application, and before execution of LOC, DHCD will evaluate each waiver request on a case-by-case basis.

Construction or Rehabilitation Costs

The construction or rehabilitation costs for projects must be within a reasonable range for the scope of work proposed. If the proposed costs per gross square foot exceed the maximum limits outlined below, sponsors must submit a request for waiver that includes a detailed explanation of the reason construction or rehabilitation costs are outside of this range. Staff will evaluate waiver requests for reasonableness on a case-by-case basis to determine compliance with the threshold requirements. Construction or rehabilitation costs include all work, including site development, associated with the physical development of projects. The projects' costs are obtained by dividing the amount of the construction or rehabilitation contract by the gross square footage of the buildings to be constructed or renovated. The construction contingency should not be factored into this equation.

Maximum Construction Costs per Gross Square Foot			
Type of Building	New Construction	Substantial Rehabilitation	Moderate Rehabilitation
Garden Apartments	90	80	50
Elevator Buildings (≤5 floors)	90	80	50
Mid-rise Buildings	110	80	55

The Department has established a minimum rehabilitation standard to ensure that meaningful, and not just cosmetic, rehabilitation is undertaken. The total hard construction costs (exclusive of fees or overhead items) of rehabilitation for projects must be at least \$15.00 per square foot per unit and supported by a building evaluation report performed by an engineer or other qualified professional. This minimum may be waived on a case-by-case basis if it can demonstrate a strong need to do so.

Lead Hazard Elimination

The Department is committed to the goal of 100% elimination of risk from lead hazards in housing. Any rehabilitation of existing buildings must meet HUD/EPA clearance standards and must be certified by the District's Department of Health (DOH) as lead-safe. All abatement and clean-up must be carried out in accordance with the 1992 Housing and Community Development Act included in Title X (Title Ten) of 24 CFR 35 Subpart H – Rehabilitation; and with District requirements found in Title 6, Chapter 997 of the D.C. Code. All abatement contractors or subcontractors must be certified and accredited by the District. For information on District abatement requirements, please call 202-535-1934, the Department of Health's Lead Paint Risk Assessment and Certification Office.

Development Budget

1. Acquisition: Is not applicable. However, DHS, the current owner of the properties, will provide a long term lease on the two properties listed above under "Project Location".

2. Syndication Related Costs: For projects that are syndicated for tax credits, the equity raise-up rate should be within current market standards. When the project's gap analysis is performed, the Department will review the raise-up rate to ensure that it is competitive in the tax credit market.

3. Operating Reserves: Operating reserves shall range from three to six months of projected operating expenses plus all required debt service payments and monthly replacement reserve payments. For projects with proposed operating reserves that are outside of this range, sponsors must submit a request for a waiver that includes a detailed explanation of the reasons operating reserves for the project should be set at a different level. Staff will evaluate waiver requests for reasonableness on a case-by-case basis to determine compliance with the threshold limits. The Department when evaluating guaranties for completion, lease-up, or operations will consider the demonstrated financial capacity and liquidity of the owner or other guarantor.

At a minimum, funded operating reserves must remain in place until the project has achieved economic break-even operations for a fiscal year confirmed by its annual audit and has reached 90% occupancy for 12 consecutive months. Reserves may then be released over the next three or more years at the discretion of the Department, provided the project continues to achieve economic break-even operations and 90% occupancy. Upon release, operating reserves generally may be used to pay any outstanding deferred developer's fee and then should be used to reduce any DHCD loan.

Limitation on Fees

Fees in the development budget are limited according to the standards established by the Department. Projects subject to federal subsidy layering requirements have the same limitations under a Memorandum of Understanding between the Department and HUD. See the Department's Qualified Allocation Plan for further information.

Category	Limitation
Builder's Profit	5% to 10% of the net construction costs
Builder's Overhead	2% to 3% of the net construction costs
General Requirements	5% to 10% of the net construction costs
Architect Design	2% to 5% of the construction contract
Architect Administration	1% to 3% of the construction contract
Developer's Fee	10% to 15% of total development costs not to exceed 2.5 million

Please see below for additional information

1. Net Construction Costs: Net construction costs are equal to the construction contract amount less builder's profit, builder's overhead, general requirements and bond fees.

2. Builder's Profit: A builder's profit is permitted even if a relationship or identity of interest exists between the developer and general contractor. However, all general contractors must meet departmental guidelines and be approved to act as a general contractor for the project. The allowable profit will range from 5% to 10% of the net construction costs.

3. Builder's Overhead: Allowable builder's overhead may range from 2% to 3% of the net construction costs with the lower percentage applicable to larger projects and the higher percentage to projects of lesser amounts.

4. General Requirements: The allowable general requirements are determined based on the size of the project. General requirements may range from 5% to 10% of net construction costs.

5. Architect's Fees: The allowable architect's fee for project design may range from 2% to 5% of the construction contract amount. For architectural administration, the allowable fee may range from 1% to 3%.

6. Developer's Fee: The developer's fee must include all fees paid to processing agents and development consultants. The range of allowable developer's fees is from 10% to 15% of total development costs based on the table below. The developer's fee may not exceed \$2.5 million. For projects with proposed developers' fees in excess of \$2.5 million, sponsors must submit a request for a waiver that includes a detailed explanation of the reasons for increased developer's fee. Staff will evaluate waiver requests for reasonableness on a case-by-case basis to determine compliance with the threshold requirements. Any fee in excess of \$2.5 million must be recommended by DHCD's Loan Review Committee and approved by the Director of the Department. Increasing the fee to increase the tax credit basis is not a valid justification for a waiver.

Fee on Development Costs	Fee on Acquisition Costs
• 15% on first \$10,000,000	• 5% on first \$10,000,000
• 10% on amount over \$10,000,000	• 2.5% on amounts over \$10,000,000

Total development costs include the following: expenses related to the actual construction or rehabilitation of the project; fees related to the construction or rehabilitation such as architecture, engineering and legal expenses; financing fees and charges such as construction interest, taxes, insurance and lender fees. Total development costs do not include the following: hard or soft cost contingencies, syndication related costs; funded guarantee and reserve accounts that are required by lenders or investors; and developers' fees.

Financial Pro Forma

The financial pro forma of projects will be evaluated based on a review of estimated operating expenses, construction costs, reserve for replacement deposits, vacancy rates and debt service coverage ratios. Sponsors must submit a minimum 20-year pro forma.

1. Operating Expenses: Estimated annual operating expenses, including real estate taxes and excluding reserve for replacement deposits, should range from \$2,500 to \$4,500 per unit. For projects with proposed operating expenses that are outside of this range, sponsors must submit a request for waiver that includes a detailed explanation of the reasons operating expenses are expected to be outside the range and support these estimates by the market analysis submitted with the application. Staff also will evaluate, where possible, waiver requests for reasonableness on a case-by-case comparison basis against similar properties in the DHCD portfolio to determine compliance with the threshold requirements.

2. Reserve for Replacement Deposits: Proposed reserve for replacement deposits must not be less than the minimum standards for the scope of work proposed.

- For substantial rehabilitation projects a minimum annual deposit of \$250 per unit.
- For moderate rehabilitation projects a minimum annual deposit of \$300 per unit.

For rehabilitation projects, a capital needs assessment or comparable engineering report will be required before closing in order to establish a final amount for the reserve for replacement

deposit. For all projects, the Department reserves the right to adjust the reserve for replacement amount based on a new capital needs assessment every five years.

3. Vacancy Rate: The pro forma vacancy rate must be supported by the market environment described in the appraisal. During subsequent underwriting by Department staff, the rate may be adjusted up or down to reflect documented market conditions.

4. Debt Service Coverage Ratios: For DHCD subordinated debt, projects must have a minimum debt service coverage ratio of 1.1 to 1 by the first year of sustaining operations after considering all primary debt service payments, including bond financed mortgage payments. A debt coverage ratio of 1 to 1 will be required for other amortizing debt service on DHCD financing. The Department will work with the sponsor to meet more stringent requirements imposed by other lenders or equity providers.

5. Project Phasing: Applications for subsequent phases of projects already in receipt of a reservation of loan funds or tax credit allocations must show evidence that the original phase(s) of the project achieved sustaining occupancy. DFD defines sustaining occupancy for this purpose as a minimum of 3 months of break-even operations and 90% or above occupancy. The Department may waive this requirement upon specific request provided that such requests include a market study meeting the criteria of this plan and demonstrating that the subsequent phase(s) will not adversely affect the leasing and operations of the initial phase.

Project Schedule

Sponsors must submit a project completion schedule with the application. Sponsors are expected to meet the development schedules as proposed if projects are approved for reservations of funding. In cases where a zoning change, variance or exception is necessary, schedules must be consistent with the analysis provided by the development team's zoning attorney or engineer.

The Department must approve any significant deviations from project schedules. In these cases, sponsors must submit updated schedules, including an explanation for the delays, to the Department for review. Sponsors must promptly notify the Department if for any reason projects that received reservations become infeasible.

The Department will monitor the progress of projects to ensure timely completion. Tax credit reservations and tax credit Carryover Allocations will be canceled if the project falls too far behind its schedule in the Department's determination or if it is determined that Departmental resources are in jeopardy of being lost due to nonperformance by sponsors.

For projects requesting loan funds, the applicant's processing schedule must be consistent with the Department's loan submission process.

Department of Human Services

The Department of Housing and Community Development of the District of Columbia and the Department of Human Services are seeking to partner with for-profit and non-profit entities, to protect and increase the supply of affordable housing in the District of Columbia, particularly for special needs populations, such as persons and families moving from shelters to permanent housing with supportive services.

DHCD and DHS Affordable Housing Commitments:

1. Utilize the expertise of the private and non-profit sector to protect and increase affordable housing;
2. Leverage private funds to develop special needs housing;
3. Ensure long term availability of special needs housing; and
4. Support the Administration's housing initiatives.

SECTION 5: APPLICATION FORM INSTRUCTIONS

This section provides information for completing the application form. The specific information that is to be entered into the individual fields on the application form is described in detail below.

General Information – Page 1

Funding Applied For. Show the amount of all DHCD, DMH and DHS financing for which you are applying.

Project Location. Indicate which project location the sponsor is requesting financing for. The sponsor can submit an application to develop one or both of the project locations.

Applicant Information. Show the name, mailing address, contact person and title, telephone number, facsimile number and e-mail address of the entity that is applying for financing.

Operating Entity Information. Show the name, taxpayer's identification number and type of entity that will ultimately be the borrower or recipient of the tax credits. If the operating entity has not yet been formed, please indicate. All entities must be formed with taxpayer identification numbers shortly after reservation letters are received. For corporations and controlling general partners, provide the name, taxpayer identification number, percentage of ownership interest for each individual or entity and whether the entity is a nonprofit corporation.

Project Information – Pages 2-3

Amenities. Indicate the amenities planned for the development.

Type of Project. Indicate the type of development being undertaken by marking all appropriate boxes.

Existing Building Information. For the rehabilitation of existing buildings indicate whether the rehabilitation will include compliance with historic standards; and the year the building was originally constructed.

Number of Residential Buildings. Show the total number of each type of building included in the project's design.

Total Land Area. Show the total acreage of the project site(s).

Total Building Area. Show the gross square footage of all buildings in the project.

Type of Occupancy. Indicate the number of DHS Consumer units that will be occupied by individuals or families.

Special Needs Housing. Show the number of units that will serve special housing needs. If a listed option does not describe your project, show the units under other and provide a brief description.

Occupancy Restrictions of Project. Show the number of units that will be income restricted at each income level. All units in the project should be included. Changes to income restrictions after approval could cause the loss of a funding reservation.

Low-Income Use Restrictions. Indicate the total number of years for which low-income units in the project will be restricted for occupancy.

Anticipated Development Schedule. Show the month and year that each stage of the development has been or is scheduled to be completed. For site control, indicate the expected date the entity will lease the site. Acceptable site control include a long term lease with DHS or other forms acceptable to the Department. For zoning, indicate the current zoning. If a change or variance of the zoning is necessary, show the date of application, final hearing and final approval.

Substantial completion is the date when 95% of the rehabilitation or construction is complete, all certificates of use and occupancy have been issued, and the architect has issued the certificate of substantial completion. Sustaining occupancy is when the project's income is sufficient to cover operating expenses and debt service for six consecutive months.

Development Team – Pages 4-7

Development Team Members. For each member of the development team, show the entity's name, mailing address, contact person and title, telephone number, facsimile number, e-mail address, and Duns number.

Development Team History. Answer each question concerning the history or prior performance of the members of the development team. If you answer yes to any of the questions, provide a brief explanation.

Nonprofit Participation. This section must be completed if the application involves a nonprofit entity and you are seeking additional points under the selection criteria.

Other District or Federal Involvement. If the project involves the D.C. Public Housing Authority or D.C. Housing Finance Agency, or other District of Columbia or federal agencies and you are seeking additional points under the selection criteria, complete this section.

Community Revitalization. Indicate whether the project is in a community with a community revitalization plan.

Project Income – Pages 8-9

Residential Rental Income: Low Income Units. For all low-income units in the project, show: the number of bedrooms and baths per unit; percent (%) of median income; the number of units of this size and type; the unit size in net leaseable square footage; tenant paid utilities; and the contract rent to be paid by the tenant. The monthly income is the contract rent, adjusted for utilities, and multiplied by the number of units of this size and type. Calculate annual income by multiplying the monthly income by 12 months. The total net leaseable square footage for all units is the sum of the unit size multiplied by the number of units for each size and type. To calculate the vacancy allowance, multiply the total annual income for the market rate units in the project by an estimated vacancy rate. The vacancy rate is based upon an analysis of similar projects in the market area. Subtract the vacancy allowance from the total annual income to determine the effective gross income of the market rate units.

Nonresidential Income. Nonresidential income includes but is not limited to commercial space, parking, laundry facilities and vending machines. For all nonresidential income in the project, show a description of the income type and/or size; the square footage (if applicable) and the income generated. Calculate annual income by multiplying the monthly income by 12 months. The vacancy allowance is calculated by multiplying the total annual nonresidential income by an estimated vacancy rate that is based upon an analysis of similar projects in the market area. Subtract the vacancy allowance from the total annual income to determine the effective gross income for nonresidential units.

Effective Gross Income. This is the sum of the effective gross income for all income producing units in the project (low income, and nonresidential sources).

Non-Income Producing Units. For all community, common and other non-income producing units or spaces included in the project, show the number of units (if applicable) and the square footage of each type of space. The total square footage for all units is the sum of the unit size multiplied by the number of units for each size and type. Manager's units where the occupant is not being charged rent should be included here.

Tenant Paid Utilities. If tenants will pay monthly utilities, show the type of utilities by marking the appropriate box.

Project Expenses – Page 10-11

Fill in the annual estimated expenses for each type listed that is applicable to the project. A management fee is calculated by multiplying the Effective Gross Income by an annual percentage rate. Utility expenses include only those items paid by the owner and should not include tenant paid utilities.

Total Operating Expenses. This is the sum of total administrative expenses, total utility expenses, total operating and maintenance expenses, total taxes and insurance and reserve for replacement deposits.

Net Operating Income. Calculate the project's Net Operating Income by subtracting the Total Operating Expenses from the Effective Gross Income for all units.

Uses of Funds – Pages 12-14

Fill in the total estimated cost for each use of funds listed that is applicable to the project. Please consult your accountant or attorney for more information before submitting an application for funding.

Construction or Rehabilitation Costs. Net construction costs (shown in the Department's Form 212 – Summary Cost Estimate and Form 215 – Detailed Cost Estimate) are construction costs that do not include a builder's general requirements, builder's profit, general overhead, bond premium, construction contingency or other fees. Also indicate the builder's general requirements, builder's profit and overhead, as a percentage of net construction costs. For limits on builder's general requirements, builder's profit and general overhead refer to Section 4, page 18. Bond premiums include the actual premium paid for performance and payment bonds or the actual cost paid to a lending institution for letters of credit to assure construction completion. A construction contingency of 5% to 10% of the total construction contract is required to fund unforeseen construction work items. The sponsor may pledge the developer's fee to cover the contingency instead of including the construction contingency on this line.

Fees Related to Construction and Rehabilitation. For the architect's design and supervision fees, show the applicable percentage of the total construction contract. Real Estate Attorney Legal fees directly related to closing the loans are tax credit basis eligible. Marketing costs are generally limited to 1% of total development costs and must be supported by a budget. For

limits on the architect's design fee, architect's supervision fee and legal fees refer to Section 4, page 18.

Financing Fees and Charges. Construction interest is calculated on the funds disbursed during the construction loan period based on a projected monthly draw schedule. Mortgage Insurance Premium is the premium charged for mortgage insurance during the construction loan period only. Title and recording costs are those estimated by the title attorney. A financing (soft cost) contingency may not exceed 1% of total development costs to cover unanticipated interest and financing costs.

Acquisition Costs. If the site includes existing buildings, allocate the cost between land and buildings. Generally, there cannot have been any transfer of ownership within the past 10 years for buildings to be eligible for an acquisition tax credit.

Total Development Costs. This is the sum of total construction costs, total fees, total financing fees and charges, and total acquisition costs.

Developer's Fee. All fees for processing agents and development consultants must be paid from this fee. The Department will not finance the developer's fee. Generally, the developer's fee may not exceed \$2.5 million.

Syndication Related Costs. These are costs incurred when syndicating a project with historic tax credits or Low-Income Housing Tax Credits. Syndication related costs may not be paid with Department loan proceeds. Generally, these costs are not included in the project's tax credit basis.

Guarantees and Reserves. Guarantees and reserves should include only funded amounts required by the Department, other lenders or syndication firms and cannot be funded with Department loan proceeds.

Total Uses of Funds. This is the sum of total development costs, developer's fee, total syndication related costs, and total guarantees and reserves.

Maximum Developer's Fee. The developer's fee is calculated as a percentage of total development costs. A fee of up to 15% is allowed on the first \$10 million of total development costs (less acquisition-related costs, construction, and soft cost contingencies) and up to 10% on total development costs (less acquisition-related costs and construction and soft cost contingencies) over \$10 million. A fee of up to 10% is allowed on the first \$10 million of acquisition-related costs and up to 5% on acquisition-related costs over \$10 million. Generally, the total developer's fee may not exceed \$2.5 million.

Sources of Funds – Pages 15-16

Primary Debt Service Financing. For all projects required that have primary debt service, indicate the type of funds, the name of the bond issuer or lender, the required debt coverage ratio (DCR), the total annual payment, the interest rate, the amortization period of the loan, the actual

loan term, and the maximum supported loan amount. Also, show the annual payment associated with any bond insurance premium.

Subordinate Debt Service Financing. For all loans that are subordinate to primary debt, show the type of funds, the name of the lender, the DCR and the percentage of cash flow that will be applied to payments due on the loan, the anticipated annual payment, the interest rate, the loan term, and the loan amount. Calculate the maximum loan amount from DHCD on the application form. Generally, the DHCD loan (from all sources) may not exceed \$2.0 million. For grants, show the type of funds, the name of the grantor if not DHCD, the term of the grant (if applicable), and the amount of the grant.

Total Debt. Add the total loan amounts for the cash flow loans and the total maximum mortgage amounts for the debt service financing to determine the total debt.

Equity. Indicate the source and amount of equity proceeds generated from the sale of low income and/or historic tax credits. Also, identify the developer's equity that is not from syndication proceeds. The Department requires that equity from the sale of competitively allocated tax credits be sufficient to cover syndication related costs, guarantees and reserves, developer's fee and at least 10% of total development costs.

Total Sources of Funds. The total sources of funds are the sum of the total financing and the total equity and must equal the total uses of funds.

Maximum DHCD Loan Amount. Notwithstanding the above, the maximum Department loan amount is calculated on the cost of the project and the amount of gap financing needed. Subtract the total debt service maximum mortgage amount, financing from non-Departmental sources, the amount of any other cash flow loan, historic tax credit syndication proceeds and Low-Income Housing Tax Credit proceeds from the project's total development costs.

Project Summary Information – Pages 20-21

General Information. Provide the project information, funding applied for, and occupancy restrictions of the project.

Project Income. Indicate total units, annual income, and vacancy rates for the low-income units, market rate units and nonresidential sources from the Project Income worksheet. The years until sustaining occupancy are the number of years between the application submission date and the estimated date of sustaining occupancy shown in the anticipated development schedule. For the annual trending, fill in the estimated annual increase in rents. The trend can be based upon experience with similar projects or determined in the market study. Calculate the trended income (at the time of sustaining occupancy) by multiplying the annual income by the sum of the years until sustaining occupancy and annual trending rate and adding this result to the annual income. The vacancy allowance is the sum of the trended income multiplied by the vacancy rate for each unit type. These are the figures to be entered into the first year of the 20-Year Operating Pro Forma in the next worksheet.

Project Expenses and Cash Flow. Fill in the annual expense for each project expense category from the Project Expenses worksheet. For administrative, utility, operating maintenance, taxes, insurance, and reserve for replacement, indicate the number of years until sustaining occupancy and the annual trending rate. The management fee is not trended but is always a percentage of effective gross income. The other expenses are trended by multiplying the annual expense by the sum of the years until sustaining occupancy and annual trending rate and adding this result to the annual expenses.

Sources and Uses of Funds. Enter the summary information from Sources of Funds and Uses of Funds worksheets.

Project Description. Enter a narrative description that highlights the unique or innovative characteristics of the project.

20-Year Operating Pro Forma – Pages 22-23

Income. Enter the trended amounts into year one from the Project Summary Information worksheet. Each year after that, the annual income for the low income, market rate and nonresidential units should be trended forward by the rate shown in the Project Summary Information worksheet. Multiply the previous year's income by the trending rate and add it to the previous year's annual income. The vacancy allowance is the sum of the vacancy rate times the gross income for each type of income.

Expenses. Enter the trended expenses shown on the Project Expenses and Cash Flow table in the Project Summary Information section in year one. The management fee is not to be trended. Other expenses are trended annually by multiplying the previous year's expenses by the trending rate and adding it to the previous year's expenses. The trended net operating income is calculated by subtracting the trended expenses from the trended effective gross income.

Primary Debt Service Financing. Annual debt service payments are entered for each year from the Debt Service Financing table in the Project Summary Information section. The debt coverage ratio is calculated by dividing the net operating income by the total debt service payments.

Subordinate Debt Service Financing. Annual cash flow payments are calculated for each year by multiplying the cash flow by the Percentage of Cash Flow for Payment shown in the cash flow financing table in the Project Summary Information worksheet. The remaining cash flow is calculated by deducting debt service and cash flow payments from the trended net operating income. The debt coverage ratio is calculated by dividing the net operating income by the sum of the total debt service payments and the total cash flow debt payments.

SECTION 6: APPLICATION FORMS

A DHCD Financing Application -- Form 202 -- must be submitted that reflects all aspects of the project, including estimated development and operating budgets and pro forma. The application for funding must include the Project Narrative (Appendix 1) and all applicable exhibits (See Exhibit Checklist) and attachments as described in this package. Three (3) copies of the application, including all applicable exhibits and attachments, must be sent in separate three-ring notebook binders, with each exhibit tabbed.

On or about **May 30, 2008**, the application forms will be available on the DHCD website.

ATTACHMENTS

- ☐ Form 202 - DFD Financing Application (form provided -- executed hardcopy mandatory)
- ☐ Form 202 - Completed electronic version of the DFD Financing Application - (optional)
- ☐ Project Narrative (Appendix 1)
- ☐ Exhibit Checklist

**APPENDIX 1 –
PROJECT NARRATIVE FORMAT**

Project Name

Address

Background

Briefly summarize the nature of the proposed project and support services (if applicable), including the amount and type of financing, and a brief description of the community in general. How did this specific project originate? Also, give a brief history of the relationship between members of the development team.

Sponsorship

Describe the sponsoring organization and its capacity to complete the proposed project. How long has the organization been in existence?

1. If a non-profit organization provide the date organization was incorporated, and 501(c) (3) status. Who started the group and why? What are the mission and support services (if applicable), the size and composition of the staff? State the organization's real estate development and support services (if applicable), track record, particularly with regard to projects similar to the one proposed. What are the organization's accomplishments (include dates and current programs). List key staff members involved in real estate activities and support services (if applicable), and explain their relevant experience and responsibilities. Please provide information regarding any planned staff additions for this project of direct service providers (if applicable). The information provided should include: Position, primary responsibility and authority, recruitment process, timing of employment, unique skill or anticipated contributions to the project's success. Also discuss the overall composition of the board (number, % within the neighborhood), and specific areas of expertise of board members which might be helpful to the organization during development of the proposed project. Provide an overview of the financial position of the organization. Current and past sources of operational support (include source, amount, and dates).

2. If a for-profit organization, describe the legal structures, who are the principals of the entity, the size and composition of the staff. State the organization's real estate development track record, particularly with regard to projects similar to the one proposed. What are the organization's accomplishments (include dates and current programs). List key staff members involved in real estate activities, and explain their relevant experience and responsibilities. Also discuss the overall composition of the organization number, and specific areas of which might be helpful to the organization during development of the proposed project. Provide an overview of the financial position of the organization. Current and past sources of operational support (include source, amount, and dates).

Neighborhood Description

Discuss accessibility to public transportation, retail and other services, recreation and healthcare facilities, employment opportunities. Describe the general character of the neighborhood, including age, condition and type of housing stock, development activity, and any other major uses. Provide demographic information—median income, major employers, major institutions, etc.

Site Description

Describe the site or sites: location - the neighborhood, cross streets, and addresses, visibility within neighborhood; significant features, topography, prior uses, etc.; physical status—size of parcel (in square footage or acreage as appropriate) and type of property (vacant land, vacant building, occupied building, etc.); type of improvements—materials, condition, number of existing units; current ownership and status of purchase agreements, options, etc.

Development Team

Who will be the contact person at the organization to coordinate the work?

- **Developer**—If different from sponsor, summarize qualifications and experience with projects of similar size, type, and financing.
- **General Contractor**—Explain qualifications of the selected or anticipated contractor, including age of firm. If not yet selected, explain the selection process—competitive bid, negotiation, RFP, etc.
- **Architect**—Experience and qualifications of the design firm. Specifically describe relevant project experience.
- **Property Management**—Qualifications, number of properties and units managed, number and type of staff, nonprofit or for-profit company, where based.
- **Consultant**—If used, explain qualifications and experience, as well as the role this individual or firm will play in the project.
- **Construction Manager**—if any

Supportive Services

Describe the supportive services to be provided to tenants or homebuyers at the property, and state who will provide those services. If outside entities will be used, please describe their qualifications briefly.

Market Overview

Define the market area; discuss vacancy and absorption rates, average rents or sales prices; explain the specific need for the project. Describe evidence of the demand by the targeted population for this type of project. What income level and household size will the project target?

Project Financing

For each phase of financing listed below, identify and discuss the status of all anticipated funding sources. If possible, identify participants; dates of commitment letters, application deadlines, anticipated award dates, etc.

Long-term Lease Agreement and Predevelopment:

Construction:

Permanent:

Equity/Subsidy:

Development Budget and Operating Pro-forma: While the actual spreadsheets will be attached as exhibits to the project proposal package, in this section, discuss the assumptions used in the spreadsheets (for example: interest rates, income and expense escalation factors, projected subsidies, affordability, etc).

Project Risk: What are the perceived risks: borrower, project, collateral?

Collateral Position: Describe the collateral and any collateral positions available to secure the loan. Who owns the collateral? Is the collateral assignable? What liens currently exist on it? Is the land or property encumbered?

Project Timeline: Identify the major milestones involved in moving this project forward and in repaying the loan. Use a chart similar to the one below (add or delete rows as necessary). Include milestones already achieved. Be sure to show anticipated loan commitment dates, loan repayment dates, project start and completion dates.

Event	Date

Importance: Discuss the importance of the transaction to the sponsoring organization, the District, and lender, and the strategic importance to the neighborhood. How will the residents benefit from the project? What role has the community played in developing the project or project concept?